

CENTRAL INTELLIGENCE AGENCY
Washington, D. C.

3 June 1949

TO: Budget Officer
FROM: Budget Officer
SUBJECT: Fiscal Year 1951 Budget Estimates

1. Within the near future a request for the submission of budget estimates will be issued which will set forth requirements for the gathering of internal agency information necessary for budget presentation for the fiscal year 1951.

2. An effort has been made to simplify the internal agency requests and the assigned budget analysts will work with the administrative officers and operating officials through the preparation period.

3. Pending receipt of the formal request, administrative officers and operating officials concerned with budget presentation may wish to initiate plans for the new fiscal year on the basis of the following considerations:

(a) Bring new plans and projects to clear definition.

(b) With the current Table of Organization as a base for comparison, estimate probable changes in positions required for fiscal year 1951.

(c) Analyze present requirements for major items of expense for non-personal service items (object classifications 02 through 09) for use as a base for estimating the character and approximate costs of items other than personal services expenses to be required during fiscal year 1951.

4. Administrative officers and operating officials should continue to work toward improvement in the justifications of the estimates on the basis of work measurement and unit costs. Estimates are more easily defended before the Bureau of the Budget and the Congress when explained in these terms. For your information and guidance, the following direct quotation is made from a Bureau of the Budget Instruction:

Use of Work Measurement and Unit Costs

"It is important to use work measurement or unit costs in justification of estimates wherever possible. Although the use of statistics must be tempered by judgment, there

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is no more readily defended method of justifying the requirements for an accepted program of work than by the judicious use of work measurement or unit cost statistics.

Work measurement relates the volume of work to the staff time required by means of performance ratios such as claims adjudicated per examiner, miles surveyed per survey party, etc. The forecast of work volume in relation to the annual performance per employee or groups of employees can be readily transformed into personnel requirements. Personnel requirements, in turn, can be translated into the estimated funds required.

Unit costs relate the volume of work to the funds required to produce a unit of work. Unit costs may include in addition to personnel costs, the cost of supplies, travel, equipment, etc. Thus unit costs reflect the ratio of work done to staff time required and in addition the volume and price of material and services required.

Agencies are urged to extend the use of work measurement and unit cost analysis to both the common service activities and program activities."

Instructions for the Preparation and Submission of Annual Budget Estimates, Part I, Section 64.

5. Budget analysts have been assigned to the various offices and are available for consultation and rendering of assistance in the preparation of estimates and justifications. These analysts may be contacted on Extension 721.

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E. R. SAUNDERS